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*Attorneys for Debtors 2B Farms, a Texas General Partnership,
Terry M. Robinson, Rebecca A. Robinson*

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
AMARILLO DIVISION

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| In re: | § | |
| | § | Case No. 23-50096-rlj12 |
| MCCLAIN FEED YARD, INC., et al.¹, | § | |
| | § | Jointly Administered |
| | § | |
| Debtors. | § | Chapter 12 |

**DEBTORS 2B FARMS, A TEXAS GENERAL PARTNERSHIP, TERRY M. "BO" ROBINSON
AND REBECCA A. ROBINSON'S RESPONSE AND LIMITED OBJECTION TO RABO'S
MOTION FOR RELIEF FROM THE AUTOMATIC STAY OR, ALTERNATIVELY, FOR
ABANDONMENT OF CERTAIN CATTLE AND PROCEEDS OF CATTLE**

TO THE HONORABLE ROBERT L. JONES, BANKRUPTCY JUDGE:

COME NOW, 2B Farms, a Texas General Partnership, Terry M. "Bo" Robinson and Rebecca A. Robinson, (collectively, "Respondent", "Debtor" and/or "2B Farms") and file this *Response and Limited Objection to Rabo's Motion for Relief from the Automatic Stay or, Alternatively, for Abandonment of Certain Cattle and Proceeds of Cattle* ("Response"), and in support of same would show unto the Court as follows:

II. FACTUAL BACKGROUND

1. McClain Feed Yard, Inc., McClain Farms, Inc., and 7M Cattle Feeders, Inc. (collectively, the "McClain Debtors") filed for relief under Chapter 7 of the United States Bankruptcy Code on April 28, 2023. Kent Ries was subsequently appointed and qualified to serve as the Trustee over the three bankruptcy estates.

¹ The Debtors in these Chapter 7 cases are: McClain Feed Yard, Inc. (Case No. 23-20084-RLJ), McClain Farms, Inc. (Case No. 23-20085-RLJ), and 7M Cattle Feeders, Inc. (Case No. 23-20086-RLJ)

2. Rabo AgriFinance LLC (“Rabo”), filed its *Motion for Relief from the Automatic Stay or, Alternatively, for Abandonment of Certain Cattle and Proceeds of Cattle* [Dkt. #192] on March 12, 2024, asserting a lien on cattle and/or their proceeds, which it claims were allegedly property of the McClain Debtors prepetition. The facts related hereto are more fully addressed below.

3. On June 1, 2023, the Debtors, 2B Farms and Terry M. “Bo” Robinson and Rebecca A. Robinson filed their respective voluntary petitions for relief under chapter 12 of title 11 of the United States Code (the “Bankruptcy Code”). Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors continue to operate their farming and ranching affairs and assets as debtors-in-possession. These bankruptcy cases were administratively consolidated by Order of the Court under Bankruptcy Case No. 23-50006-rlj12; in the United States Bankruptcy Court for the Northern District of Texas, Lubbock Division.

4. On or about December 15, 2023, the Court entered its *Order Confirming Debtors’ Amended Joint Chapter 12 Plan of Reorganization* [Dkt. # 124].

5. Prior to any of the bankruptcy proceedings listed above, during the first week of April 2023, 2B Farms had in the McClain feed yard (Hereford, Texas) (1) **251 head of 2B Farms’ own branded cattle** and (2) **an additional 338 head of cattle which 2B Farms had purchased from McClain Feedyard, Inc.** and which were held at the 7M feed yard (Friona, Texas) as part of a separate transaction.

6. About this time as news of the McClain scheme arose, many cattlemen who had cattle at the McClain Feedyards went to the two feed yards in Hereford and Friona in order to reclaim their cattle. Special Rangers of the Texas & Southwestern Cattle Raisers’ Association (“T&SWCRA”) and other authorities were on site to supervise the removal of the reclaimed cattle. The T&SWCRA Special Rangers kept records of the cattle being reclaimed upon presentation of documentary proof of ownership to the Special Rangers by the cattlemen. Moreover, given the circumstances of the McClain operations at this time, the McClain feed yards did not have anyone on hand to feed or properly care for all the cattle in the two feed yards.

The 338 Head of 2B Farms' Cattle

7. The cattle which 2B Farms reclaimed on April 19, 2023 (approximately 60% of the cattle identified or 338 head) were placed in the grow yard of Tommy Hefner. On May 18, 2023, those 338 head of reclaimed cattle were sold at the Tulia Livestock Auction. After the payment of trucking costs and commission fees to Tulia Livestock Auction, Tulia Livestock Auction issued a check in the amount of \$398,588.37 to 2B Farms and First Bank & Trust. First Bank & Trust was 2B Farms lending institution and had liens on cattle owned by 2B Farms. 2B Farms had agreed to turnover said proceeds to First Bank & Trust given said liens. First Bank & Trust had previously also paid Tommy Hefner \$39,707.55 for feed and care costs related to these 338 head of cattle. The resulting net proceeds for these 338 head of cattle is \$358,880.82. Pursuant to a written agreement with Kent Ries, Trustee of the McClain bankruptcy cases (Ex. A attached), the net proceeds from the sale of these 338 head of cattle were placed into a segregated account with HTLF Bank, where such funds remain.

The 251 Head of 2B Farms' Cattle

8. The second group of cattle which 2B Farms reclaimed on April 19, 2023, consisted of 251 heifers which Bo Robinson (2B Farms) had himself raised as calves on his own ranch, but then moved to the McClain feed yard in Hereford, Texas for finishing. 2B Farms always owned these cattle. These cattle had the "2B" brand upon them. They had never been sold by 2B Farms to Brian McClain, nor to any of Brian McClain's business entities, nor to anyone else other than the Fist Bank & Trust lien, there was never a lien nor claim by third-parties for these cattle, until now. Because these cattle had always been solely owned by 2B Farms, none of the McClain entities ever had any rights in these cattle (and therefore no lien of Rabo attached).

9. On May 17, 2023, these 251 head of cattle were taken to the Tulia Livestock Auction and on May 18, 2023, which were sold. After payment of the feed and care costs of Mr. Tommy Hefner and the payment of trucking costs and the commission charges of Tulia Livestock Auction, this group of cattle netted \$296,105.00 (\$326,872.59 - \$30,767.58 for feed and care paid to

Tommy Hefner). Pursuant to an agreement with the bankruptcy trustee, Kent Ries, (Ex. A) these funds were deposited into a segregated account of First Bank & Trust, where they remain.

10. HTLF, successor in interest to First Bank & Trust, claims a perfected first priority security interest in all the livestock of 2B Farms, as well as all proceeds from the sale of the cattle identified in this Response. This lien and claim is subject to a dispute between the parties in a pending adversary proceeding in the 2B Farms bankruptcy case.

II. ARGUMENT

11. 2B Farms owned and controlled all the cattle that are the subject of Rabo's Motion and their proceeds. In this regard, Rabo would have no lien rights to the 338 hd or the 251 hd it recovered from the McClain Feed Yards and/or their proceeds as a matter of law.

12. Section 362(a)(1) of the Bankruptcy Code provides for an automatic stay of any judicial "proceeding against the debtor." 11 U.S.C. § 362(a)(1). "Section 362(a)(3) provides that the filing of a petition 'operates as a[n] [automatic stay] applicable to all entities, of ... any act to obtain possession of property of the estate or of property from the estate.' " *See Matter of S.I. Acquisition, Inc.*, 817 F.2d 1142, 1148 (5th Cir.1987) (quoting 11 U.S.C. § 362(a)(3)). As 2B Farms' cattle are not property of the McClain bankruptcy estate and are instead property of 2B Farms' bankruptcy estate, the automatic stay applicable to the 2B Farms' bankruptcy proceedings applies, and, therefore, the relief requested by Rabo should be denied in all things.

WHEREFORE, PREMISES CONSIDERED, for the reasons set forth above, Debtors 2B Farms, a Texas General Partnership, Terry M. "Bo" Robinson and Rebecca A. Robinson pray that the Court deny Rabo's *Motion for Relief from the Automatic Stay or, Alternatively, for Abandonment of Certain Cattle and proceeds of Cattle* as it applies to 2B Farms' cattle, together with such other and further relief, general or special, legal or equitable, to which they may show themselves justly entitled.

[SIGNATURES ON FOLLOWING PAGE]

Respectfully submitted,

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By: /s/ Timothy T. Pridmore
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**ATTORNEYS FOR DEBTORS 2B FARMS, A
GENERAL TEXAS PARTNERSHIP, TERRY M.
ROBINSON, AND REBECCA A. ROBINSON**

CERTIFICATE OF SERVICE

I, Todd J. Johnston, do hereby certify that a true and correct copy of the foregoing *Motion* was served by either court enabled electronic service or regular first-class U. S. Mail upon the following listed parties on this 28th day of March, 2024:

1. Michael R. Johnson
RAY QUINNEY & NEBEKER P.C.
36 South State Street, Suite 1400
Salt Lake City, Utah 84111
Attorneys for Rabo AgriFinance LLC
2. All parties registered to receive electronic service in
this bankruptcy proceeding

/s/ Timothy T. Pridmore
Timothy T. Pridmore